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July 10, 2023

John Crandall, Chairman  
Private Activity Bond Board of Review  
140 East 300 South  
Salt Lake City, UT 84111

Dear Chairman Crandall,

As you know, tax-exempt volume cap allocated by the Private Activity Bond Board of Review ("Board") generally acts as a key, a key which unlocks access to 4% federal Low-Income Housing Tax Credits ("LIHTC") – an essential source of equity in the funding of affordable multifamily projects. Utah Housing Corporation ("Corporation") is the state's allocator of federal and state LIHTC.

The Board will consider at its July 12, 2023 meeting, an application for volume cap from the Housing Authority of Salt Lake City and Housing Assistance Management Enterprise ("Applicant") for its Pharos project. This letter is to advise the Board of numerous concerns we at the Corporation have regarding this project and application. Some of our concerns are so substantial that they would lead us to *not recommend* that our Board approve any allocation of federal or state LIHTC at this time.

Detail on our concerns is outlined below:

- The project is small – 34 one-bedroom units, all at 60% of AMI. As a small project, it would better fit within the 9% LIHTC program, and achieve some rent distribution to lower targeted AMIs.
- The application shows a funding gap of \$1.6MM, with no proposal on how to close it. This element makes it a nonconforming application.
- Operating expenses are exceptionally high at \$10,191 per unit per annum. Given that this project is not Permanent Supportive Housing, does not propose to deliver onsite services, and is all one-bedroom units, operating expenses should be more in line with the Corporation's overall portfolio average of \$6,402, which is composed of Permanent Supportive Housing, family housing, and other more operationally expensive types of housing.
- All units have project-based Section 8 vouchers. Vouchers are a limited resource and are best used on deeper targeted units. This is a suboptimal use of such limited resource.

Please let us know if you have questions about this information.

Sincerely,

A handwritten signature in black ink, appearing to read "David Damschen", with a long horizontal flourish extending to the right.

David Damschen  
President & CEO  
[ddamschen@uthc.org](mailto:ddamschen@uthc.org)